

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company  
for Adoption of its 2004 Energy Resource  
Recovery Account (ERRA) Forecast Revenue  
Requirement, for Review of Contract  
Administration, Least Cost Dispatch and  
Procurement Activities during the Record Period  
January 1, 2003, Through May 31, 2003, and for  
Approval of its 2004 Ongoing Competition  
Transition Charges (CTC) Revenue Requirement  
and Proposed Rate Design.

(U 39 E)

Application 03-08-004  
(Filed August 1, 2003)

**ADMINISTRATIVE LAW JUDGE'S RULING  
NOTICING PREHEARING CONFERENCE AND RULING ON MOTION**

**Summary**

This ruling notices a prehearing conference for May 3, 2004 to discuss whether the evidentiary hearings for the review of the five-month record period in 2003, currently scheduled for May 12 through May 14, 2004, should proceed in light of the testimony, or be postponed to a later date. The ruling also grants the motion of Pacific Gas and Electric Company (PG&E) to allow the remaining seven-month period in 2003 to be included in this application. The procedural schedule for the seven-month period will also be discussed at the prehearing conference.

## **Background**

In the February 3, 2004 scoping memo and ruling, the procedural schedule for the review of PG&E's contract administration, least cost dispatch, and procurement activities for the five-month record period of January 1, 2003 through May 31, 2003 was established. Evidentiary hearings for this review is set for May 12 through May 14, 2004. Pursuant to the scoping memo, the Office of Ratepayer Advocates (ORA) notified the parties on March 15, 2004 that it planned to proceed with evidentiary hearings on the five-month review. The scoping memo stated that a prehearing conference would be scheduled before the start of hearings.

PG&E's testimony on the five-month record period was served on the parties when PG&E filed its application on August 1, 2003. ORA served its testimony on the five-month period on April 9, 2004. The rebuttal testimony is to be served on April 26, 2004.

On March 17, 2004, PG&E filed a motion "To Add Review of Contract Administration, Least Cost Dispatch and Procurement Activities During the Period June 1, 2003 Through December 31, 2003 to this Proceeding." If the motion is granted, PG&E proposes that it be allowed to submit its showing on or about July 1, 2004, and that ORA be given sufficient time to review PG&E's showing. No one filed any response to PG&E's motion.

## **Discussion**

### **1. Notice of Prehearing Conference**

The testimony that ORA submitted on April 9, 2004 reviewed PG&E's activities for the five-month record period. ORA recommends, in part, that a number of steps be taken to increase the amount and quality of information provided in future ERRA filings. ORA's testimony also states that it cannot

determine whether PG&E's "contract administration is reasonable," and that "PG&E's QF [qualifying facility] power purchase contract administration and the payments made to QF cannot be viewed as reasonable." (ORA Testimony, pp. 3-8, 4-1.) ORA's testimony suggests that more information is needed before ORA can make these two determinations.

Based on the testimony of PG&E and ORA, two procedural options appear available. The first option is to continue with the evidentiary hearings as scheduled, and for the Commission to issue a decision in accordance with the provisions of Public Utilities Code Section 454.5(d)(2). The second option is to postpone the scheduled hearings into the five-month record period until ORA has reviewed the information that it states it needs before it can make determinations on the contract administration, QF power purchase contract administration, and payments made to QFs.

A prehearing conference will be held on May 3, 2004 at 10:00 a.m. in San Francisco to discuss these two procedural options, and the witnesses who will need to appear at the evidentiary hearings.

## **2. PG&E Motion**

PG&E's March 17, 2004 motion points out that the prior Commission decisions have not specified where PG&E's procurement activities for the period of June 1, 2003 through December 31, 2003 will be addressed. PG&E states at page 3 of the motion that it "believes that this proceeding is both appropriate and the best vehicle for this review, and accordingly requests permission to submit, on or about July 1, 2004, an update of its URG expenses, and electric contract administration and least-cost dispatch" for this seven-month period.

PG&E notes in its motion that it has discussed this proposal with ORA, who is the only party who has taken an active interest in the review of the five-

month record period. According to PG&E, ORA does not object to the proposal so long as ORA is given sufficient time to review PG&E's showing.

Since the remaining seven-month record period for 2003 does not currently have an assigned proceeding in which to conduct a review of the seven-month record period, PG&E's motion to add the review of that seven-month period to this proceeding should be granted.

At the May 3, 2004 prehearing conference, the procedural schedule for the review of the seven-month record period will also be discussed.

Therefore, **IT IS RULED** that:

1. A prehearing conference shall be held on Monday, May 3, 2004, at 10:00 a.m. at the Commission's hearing room, 505 Van Ness Avenue, San Francisco, to discuss the issues raised by the testimony of the Office of Ratepayer Advocates concerning the five-month record period for 2003, and whether the evidentiary hearings should proceed as scheduled or be postponed to a later date.
2. The March 17, 2004 motion of Pacific Gas and Electric Company (PG&E) to add the review of PG&E's contract administration, least cost dispatch, and procurement activities for the period of June 1, 2003 through December 31, 2003, to this proceeding is granted.
  - a. The procedural schedule for the review of the seven-month record period shall be discussed at the May 3, 2004 prehearing conference.

Dated April 16, 2004, at San Francisco, California.

/s/ JOHN S. WONG  
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John S. Wong  
Administrative Law Judge

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Noticing Prehearing Conference and Ruling on Motion on all parties of record in this proceeding or their attorneys of record.

Dated April 16, 2004, at San Francisco, California.

/s/ TERESITA C. GALLARDO  
Teresita C. Gallardo

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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